“INVESTMENT BEHAVIOUR OF INVESTORS IN REAL ESTATE: A CRITICAL STUDY OF NANDED DISTRICT”

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INVESTMENT BEHAVIOUR OF INVESTORS IN REAL ESTATE: A CRITICAL STUDY OF NANDED DISTRICT.

1.1 INTRODUCTION TO THE TOPIC

An investment is the sacrifice of current money or other resources for the future benefits. Investment is defined as the commitment of current financial resources in order to achieve higher gains in the future. Investment Behavior is the behaviour of an individual investor in different portfolio of investment alternatives.

Investment is the savings of income in order to earn more return in future. Investment gives more return and is always associated with risk. Saving is getting fixed amount of return after the completion of tenure of the deposit. The risk is very less in savings whereas investment is a risky venture leading to the possibility of more return but investment is risky avenue. Hence utmost knowledge, experience and care are required while making investments in different investment schemes. The investment leads to the more or less return but no fixed return as the risk in investment is greater.

1.2 BACKGROUND OF THE RESEARCH STUDY

The investment is a larger concept as compared to the savings. The investment gives more return but carries higher risk. It is generally said that the investment in real estate and gold investment are two appreciating assets as compared to other assets available to make investment considering the parameters of risk and returns.

According to the traditional theory of investment, investors are having rational behaviour that they think rationally to compare various alternatives of investment avenues and select investment alternative that may give higher return in future.

Economic utility theory of investment explains that the investment decision is the gap between the immediate consumption and deferred consumption. If the money is saved between the immediate consumption and deferred consumption then that part of money can be utilised for the investment purpose.

Von Neumann and Morgenstern use the advancements in the Economic utility theory of investment and gave the illustration that the investors are completely rational, the investors are able to deal with the complex choices and the investors are risk averse and investors are wealth maximizing. The mean or variance approach of utility theory assumes that the investors maximize expected utility in terms of anticipated return and variances from their expectations.

1.2 INVESTMENT BEHAVIOUR

Investment is keeping aside few part of your income in order to meet the future contingencies or requirements. Time, risk and return are the three crucial factors while selecting an investment alternative for the investor. Generally investment assets are classified into two types as Real Assets and Financial Assets. The Real assets of investment include long term investment in the physical assets such as land, building, plant and machinery or other cognitive assets that are used in the production of the specific goods and services. These real assets are tangible in nature. The financial assets are intangible form of investment assets. The financial assets include shares, stocks, bond, bank fixed deposits and other financial assets.

Chen and Volpe (1998) suggested that the financial education and financial literacy plays important role while doing or selecting investment for a particular asset. They opined that there is correlation between the financial education and the investment decision.

1.3 REAL ESTATE

Real estate is the booming sector for the investment. It is generally said that the real estate investment never goes wrong with time. The share market, business or banking investments may lead or may not lead to the profit or earning for the investor, but the investment in real estate lead to gradual hike in the values of assets. Hence real estate is defined as the land and any permanent structures, like a home, or improvements attached to the land, whether natural or man-made. Real estate is the form of real property. Real estate or real property differs from the personal property as the personal property is neither attached to the land

permanently nor fixed. The personal property includes vehicle, jewelry, furniture, gold or any other movable assets.

1.4 NEED OF THE RESEARCH STUDY

The fundamental requirements of human beings are food, cloth and shelter. The shelter component relates to the real estate. The migration of people from nearby places to the Nanded district place has happened due to the availability of education, health, employment and other services easily available at district place. The growing or leading businesses are NEET and JEE coaching classes and hospitals in Nanded district. These coaching classes have thousands of students learning in their tuitions. These entrepreneurs and doctors have earned ample of funds. These funds have been invested by them in real estate. There should be need of sellers and buyers to sell and buy the commodity. Here in Nanded district, it is somehow situation is different. The investors of real estate have no need to sell their plots, row houses and bungalows until and unless there receive expected higher estate value. Hence there is need of buyers as they have to be at Nanded city or nearby place. Hence it is seen that there is exponential hike in the values of plots, new and resale row houses and bungalows in Nanded district. The land brokers and agents have played catalytic role in the exponential hike of value of real estate in Nanded city.

1.5 STATEMENT OF THE PROBLEM

The part of the money that investor earns through their business, profession or services are used for their daily consumption and rest is saved for meeting future contingencies or requirements. The saved money can be utilized for the saving or investment purpose. According to the Economic utility theory of investment, utility maximization, rational and logical thinking lead to investment decisions. The researcher is interested in knowing the interest of investors in making real estate investment and their probable future returns. It is seen that the rate of property in Nanded city is having exponential growth and within 3 to 4 years, the rates of property get nearly doubled, this fascinated the attention of research on this topic. The demand and supply of real estate in Nanded city has disparity. Hence it is very essential to study the investment behaviour of Investors

in Real Estate in Nanded district. Hence the researcher made an attempt to focus on the research topic '**Investment Behaviour of Investors in Real Estate: A Critical Study of Nanded district'**

1.6 OBJECTIVES OF THE RESEARCH STUDY

The objectives of the research study are as follows

1.6.1 To analyze the impact of investment information and sources of investment on the investment behaviour of Investors in Real Estate in Nanded district.

1.6.2. To correlate the investment awareness and investment knowledge with investment behaviour of Investors in Real Estate in Nanded district.

1.6.3 To understand the influence of investment activities and investment choices on the investment behaviour of Investors in Real Estate in Nanded district.

1.6.4 To study the investment risk attitude and its impact on the investment behaviour of Investors in Real Estate in Nanded district.

1.6.5 To compare and contrast the investment decision and its relation with the investment behaviour of Investors in Real Estate in Nanded district.

1.6.6 To study the relationship of investment problems with the investment behaviour of Investors in Real Estate in Nanded district.

1.7 HYPOTHESES OF THE RESEARCH STUDY

The null and alternative hypotheses of the research study are as follows

1.7.1 Null Hypotheiss: There is no significant impact of investment information and sources of investment on the investment behaviour of Investors in Real Estate in Nanded district.

Alternative Hypothesis: There is significant impact of investment information and sources of investment on the investment behaviour of Investors in Real Estate in Nanded district.

1.7.2. Null Hypothesis: The investment awareness and investment knowledge are not related directly with investment behaviour of Investors in Real Estate in Nanded district.

Alternative Hypothesis: The investment awareness and investment knowledge are related directly with investment behaviour of Investors in Real Estate in Nanded district.

1.7.3 Null Hypothesis: There is no strong influence of investment activities and investment choices on the investment behaviour of Investors in Real Estate in Nanded district.

Alternative Hypothesis: There is strong influence of investment activities and investment choices on the investment behaviour of Investors in Real Estate in Nanded district.

1.7.4 Null Hypothesis: The investment risk attitude has no impact on the investment behaviour of Investors in Real Estate in Nanded district.

Alternative Hypothesis: The investment risk attitude has impact on the investment behaviour of Investors in Real Estate in Nanded district.

1.7.5 Null Hypothesis: The investment decisions are not related with the investment behaviour of Investors in Real Estate in Nanded district.

Alternative Hypothesis: The investment decisions are related with the investment behaviour of Investors in Real Estate in Nanded district.

1.7.6 Null Hypothesis: There is no sturdy relationship of investment problems with the investment behaviour of Investors in Real Estate in Nanded district.

Alternative Hypothesis: There is no sturdy relationship of investment problems with the investment behaviour of Investors in Real Estate in Nanded district.

1.8 SCOPE AND LIMITATIONS OF THE RESEARCH STUDY

The present research topic has wide scope in the field of business and real estate. The consumer psychology, behaviour and attitude aspects of investors can be understood very well in this research. This research can be used as a business tool for the real estate agents, brokers, organization dealing in the business of buying and selling the real estate.

The present research study may have few limitations in the near future as follows

1.8.1 Time Constraint or Limitation

The present research span may be smaller to study the investment behaviour of the investors in Nanded district.

1.8.2 Cost Constraint or Cost of Research Work

The cost required to complete the research work may be higher as compared to the estimated cost of research work.

1.8.3 Geographical Constraint

This present study is limited to the study of investment behaviour of investors in real estate in Nanded district. The research geography is constrained to Nanded district only. This study may or may not applied directly to other geographical locations.

2 REVIEW OF LITERATURE

Shahriar Kabir[1] et.al. (2023) studied the consumer purchase intention in real estate that gave insight for the investment behaviour of investors in real estate. The objective of the research study was to find the linkage between the consumer purchase intention and preferred individual investment capacity in buying the property. It is found that the attitude, social status, perceived investment behavior, location of property, surrounding environment and socialization are crucial factors for the investment decision and for understanding the investment behavior of investors in real estate.

Gunnar Gutsche[2] et.al (2023) analyzed the determinants of individual sustainable investment behaviour- A framed field experiment. They found that the social preferences are the key to the individual sustainable investment behaviour. Feelings, financial literacy, feelings of warm glow, environmental values are also important for individual investment behaviour in real estate.

Malabika Deo[3] et.al. (2015) studied the gender difference for the investment behaviour and risk taking. It is found that there is a significant difference among men and women in investment behaviour. It is understood that the men are strong risk takers and women on the other hand seemed not to tolerate uncertainty in investments and proved to be more risk averse than men.

Lei Wen[4] et.al (2013) investigated the relationship between several macro-economic indicators and real estate investment in China. The author finds that the interest rate and the size of new equity offering are negatively related to real estate investement in Chinese investors.

Nguyen Minh Ngoc[5] et al. (2023) analysed the various factors of real estate investment decisions for the post pandemic time. The various important factors of real estate investment decisions are institutions and laws, economic

factors, cultural and community factors, other markets and other investment opportunities available to the investors.

3 RESEARCH METHODOLOGY

The research methodology is explained as follows

Table no.3.1 Research Design

Sr.No.	Parameter	Description
1	**Type of Research**	Ex Post Facto Descriptive Research
2	**Nature of Research**	Quantitative
3	**Research Instrument**	Structured questionnaire and observation
4	**Dependent Variable**	All essential parameters of investment behaviour
5	**Independent Variables**	All essential parameters of real estate
6	**Control over Variables**	No Control- Ex Post Facto
7	**Survey Period**	September 2023 to September 2025
8	**Type of Products**	Products of investment behaviour
9	**Methods of Data Collection**	Sample Survey Method through Interrogation
10	**Universe**	All Investors of real estate in Nanded district.
11	**Population**	Investors of real estate in rural & urban parts of Nanded district.
12	**Sampling Frame**	Rural and Urban Investors of real estate Equally in Nanded district.
13	**Sample Elements**	Investors of real estate in Nanded district.
14	**Sample Size Determination**	Using Mean and Proportionate Sampling Formula
15	**Calculated Sample Size**	400 respondents (200 rural and 200 urban)
16	**Net Responses**	Will be calculated
17	**Response Rate**	Will be calculated
18	**Rejection Rate**	Will be calculated
19	**Sampling Method**	Proportionate Stratified Sampling followed by Multilevel Non Probability Convenient Sampling
20	**Sources of Data Collection**	Primary and Secondary sources.
21	**Primary Sources**	Structured questionnaire and observation.
22	**Secondary sources**	Journals, Articles, Books, Magazines, Digital library, e resource databases and many other published data.
23	**Measurement Scales**	Nominal, ordinal and interval scale
24	**Questions Types**	Dichotomous, open ended, closed ended and ranking.
25	**Rating Scales Used**	Five Point Likert Scale.

26	**Data Interpretation**	Through graphs, descriptive statistics and inferential statistics
27	**Statistical Tools**	Z test, chi square, ANOVA, descriptive statistical tools and parametric and non parametric statistical tests.
28	**Statistical Software Package**	Ms Excel 2010 and SPSS 20.

Source: Researchers' Compilation

4 DATA ANALYSIS AND INTERPRETATION

The data will be collected from the questionnaire and the data will be analyzed and interpreted so as to provide findings, conclusions and suggestions.

5 REFERENCES OF THE RESEARCH STUDY

1. Shahriar Kabir et.al. (2023), "How much to invest for house purchase? The consumer purchase intention perspective of real estate investment decision", International Journal of Housing Markets and Analysis, ISSN 1753-8270 https://doi.org/10.1108/IJHMA-102022-0151

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4. Lei Wen et.al (2013), "Consumer Investment Preferences and the Chinese Real estate market, vol.6, issue 2 page 231-243

5. Nguyen Minh Ngoc (2023), "The Relevance of factors affecting real estate investment decisions for post pandemic time", International Journal of Business and Globalization' Vol. X page 1-15

6 CHAPTER SCHEME OF PRESENT RESEARCH STUDY

The chapter scheme of the present research thesis is summarized as follows

Chapter 1: Introduction: This chapter would provide an overview of the study, including its purpose, scope, statement of the research problem, scope and limitation of the research study.

Chapter 2 : Review of Literature: This chapter would review relevant literature and research on internet banking services offered by ICICI Bank and HDFC Bank in the Marathwada region of Maharashtra.

Chapter 3: Research Methodology: In this chapter, the research design is developed to study which research method we use for our study, which kind of data we have, how we are going to treat it, how we segregate data from our Scattered data, building our Research Objectives, finding our research problems so that we can focus on those while doing this study, Formulation of the Hypothesis, Software we Use for the Data Analysis, Defining Variables of the study this part is covered in our Research Methodology.

Chapter 4: Data Analysis and Interpretation: This chapter will present and analyze the data collected, and address the research question and objectives.

Chapter 5: Findings, Conclusions and Suggestions: This chapter would summarize the findings of the study and provide recommendations for improvement. It would also discuss the implications of the study for the banking industry and its customers in the Marathwada region of Maharashtra.

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